

Message Text

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PAGE 01 STOCKH 01046 091323Z

ACTION EB-08

INFO OCT-01 AF-08 EUR-12 EA-07 ISO-00 ERDA-05 AID-05
CEA-01 CIAE-00 COME-00 DODE-00 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
AGRE-00 /114 W

-----091344Z 085912 /44

R 091230Z MAR 77

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9991

INFO AMEMBASSY OTTAWA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY TOKYO

AMEMBASSY BERN

AMEMBASSY MADRID

AMEMBASSY CANBERRA

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY VIENNA

AMEMBASSY HELSINKI

AMEMBASSY LUSAKA

AMEMBASSY DAR ES SALAAM

AMEMBASSY NAIROBI

C O N F I D E N T I A L STOCKHOLM 1046

E.O. 11652: GDS

TAGS: ETRD, .EAID, SW

SUBJECT: CIEC MEETING WITH SWEDISH MINISTER FOR DEVELOPMENT
ASISTANCE

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PAGE 02 STOCKH 01046 091323Z

REF: (A) STATE 50519 (NOTAL), (B) USOECD 6292

1. EMBASSY MOST GRATEFUL FOR REFTELA. ESSENCE OF PARA-
GRAPHS TWO AND THREE PASSED TO OLA ULLSTEN, MINISTER FOR
DEVELOPMENT ASSISTANCE, AND FRANK BELFRAGE OF HIS STAFF,
IN COURSE OF LUNCH WITH CHARGE AND POLITICAL AND ECONOMIC

COUNSELORS. LUNCHEON CONVERSATION RANGED THROUGH ULLSTEN'S RECENT AFRICAN TRIP, FORTHCOMING DEBATE ON SWEDISH MEMBERSHIP IN INTERAMERICAN DEVELOPMENT BANK, AND CIEC.

2. RE CIEC, MINISTER EMPHASIZED IMPORTANCE WHICH GOS PLACES ON RELATIVELY SUCCESSFUL OUTCOME OF THE CIEC DIALOGUE. SHOULD THE TALKS BREAK DOWN, THE MINISTER THOUGHT THE REPERCUSSIONS WOULD BE VERY SERIOUS AND FELT IN MOST MULTILATERAL FORA. IN THIS REGARD, BELFRAGE EXPRESSED FEELING THAT US VIEWS ON CONSEQUENCES OF CIEC FAILURE WERE CONSIDERABLY MORE RELAXED.

3. BELFRAGE REFERRED TO LAST WEEK'S MEETING OF OECD XCSS AND G-8 IN WHICH UNDERSECRETARY COOPER PRESENTED SOME OF EVOLVING US VIEWS ON CIEC QUESTIONS. HE CONFIRMED REACTION REPORTED IN REFTEL B OF SWEDISH DELEGATE NORDENFALK THAT US POSITIONS HAD MOVED AHEAD IN WHAT SWEDES CONSIDERED A GENERALLY FAVORABLE WAY. BUT BELFRAGE DID EXPRESS SOME RESERVATIONS, INSPIRED PERHAPS BY UNCERTAINTY OVER THE MEANING OF UNDERSECRETARY'S REMARKS. IN PARTICULAR HE REFERRED TO COOPER'S FORMULATION OF THE LDC DEBT QUESTION, AND OF THE LINKAGES WHICH MIGHT BE MADE BETWEEN COMMODITY STABILIZATION FUNDS, INCLUDING "OVERDRAFTS," WHICH WOULD BE ACCEPTABLE TO THE US. BELFRAGE NOTED DISAPPOINTMENT OF SWEDISH DELEGATION THAT LEVELS OF ODA, PARTICULARLY IN IDA V, WOULD NOT BE MORE GENEROUS. ULLSTEN OBSERVED THAT ALTHOUGH THERE ARE MAJOR DIFFERENCES BETWEEN THE US AND SWEDISH POSITIONS, THE RELATIVELY SUPPORTIVE POSITIONS

CONFIDENTIAL

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PAGE 03 STOCKH 01046 091323Z

OF THE SWEDES VIS-A-VIS THE G-19 ARE A FAR CRY FROM THE DEMANDS OF THE LDC'S. HE ALSO REPEATED HIS FIRM BELIEF THAT DEBT RELIEF IS AN ESSENTIAL COMPONENT OF THE G-8 PACKAGE.

4. RELEVANT TO SWEDEN'S ROLE WERE REPLIES ULLSTEN MADE TO QUESTIONS POSED ABOUT THE RIKSDAG AND ODA. THERE IS GENERAL SUPPORT IN THAT BODY AND AMONG THE PUBLIC FOR SWEDEN'S RELATIVELY LARGE ASSISTANCE PROGRAMS

HE SAID. HASSLES AND WHEELING AND DEALING ARE NOT NECESSARY TO OBTAIN A RISING LEVEL OF APPROPRIATIONS EACH YEAR. ULLSTEN SEEMED PLEASED THAT THE NEW GOVERNMENT HAD ASKED FOR ODA EXCEEDING ONE PERCENT OF THE GNP AND FORESAW NO PROBLEMS IN GETTING IT. HE REMARKED THAT IT WAS, AFTER ALL, ABOUT THE SAME SUM AS PROVIDED IN SUBSIDIES TO SWEDEN'S AGRICULTURE.

5. A POST-LUNCHEON APPOINTMENT AT THE RIKSDAG PRE-

VENTED ULLSTEN FROM EXPANDING AS HE (AND WE) WOULD HAVE LIKED ON IMPRESSIONS GAINED FROM HIS RECENT TWO-WEEK TRIP TO AFRICA (KENYA, ZAMBIA, TANZANIA). HE DID MAKE THE FOLLOWING POINTS: SWEDEN'S CHANGE TO A NON-SOCIALIST GOVERNMENT HAS NOT AFFECTED AFRICAN RECEPTIVITY TO SWEDISH ASSISTANCE; IN TANZANIA THERE IS ADMITTEDLY SOME CORRUPTION AND CONSIDERABLE IN-EFFICIENCY WHICH ACCOMPANIES THE IMPLEMENTATION OF CERTAIN SWEDISH-FINANCED PROJECTS (E.G. A BULL SEMEN COLLECTION STATION WHICH, WHILE COMPLETED, HAS NEVER BEEN USED); DESPITE THESE FINDINGS, THERE IS NO SWEDISH INTENTION TO CUT AID OR CRITICIZE; AND NYERERE IS SERIOUSLY INTERESTED IN GETTING SWEDISH PRIVATE FIRMS AND OFFICIAL ASSISTANCE FUNDS INTO TANZANIA'S AMBITIOUS INDUSTRIALIZATION PROGRAM. ULLSTEN SAID FURTHER THAT HE HAD DELIBERATELY RAISED WITH NYERERE AND KUANDA THE PROPOSED US-UK ZIMBABWE DEVELOPMENT FUND AND FOUND

CONFIDENTIAL

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PAGE 04 STOCKH 01046 091323Z

NEITHER ENTHUSIASTIC. BOTH CONSIDER IT ('PERHAPS INCORRECTLY') A SAVE-THE-WHITES DEVICE. NYERERE HAD REFERRED TO HIS OWN PROPOSAL FOR A ZIMBABWE FUND OUTLINED LAST FALL (UNKNOWN TO EMBASSY) AS A BETTER SOLUTION. ULLSTEN EXHIBITED GREAT INTEREST IN THE EVOLVEMENT OF US POLICY TOWARD RHODESIA AND WAS TOLD THAT WE ARE CONTINUING TO WORK CLOSELY WITH THE UK IN AN ATTEMPT TO RECOMMENCE A DIALOGUE WITH ALL THE PARTIES INVOLVED.

PERRY

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NNN

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